

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 2114 - HB 2495

February 23, 2018

SUMMARY OF BILL: Prohibits any person, governmental or other legal entity, including a utility district, which offers goods or services to consumers from rounding up a consumer's bill for goods or services without obtaining the consumer's express, written permission to opt-in to such a billing procedure. Establishes that a violation is considered an unfair or deceptive act or practice affecting the conduct of trade or commerce pursuant to the *Tennessee Consumer Protection Act of 1977*.

ESTIMATED FISCAL IMPACT:

On February 15, 2018, a fiscal note was issued estimating a fiscal impact as follows:

NOT SIGNIFICANT

Due to new information received from municipal electric utilities, this impact was in error. Based upon the additional information, the estimated fiscal impact has been corrected as follows:

(CORRECTED)

Decrease Local Revenue – \$2,272,700

Corrected Assumptions:

- Passage of this legislation would require all round-up programs obtain written permission from customers to opt-in to such billing procedures. Of the data available, the average participation rate is six percent of customers who explicitly participate in these programs and have their utility bills rounded up.
- Certain municipal electric utilities operate round-up programs where customers must opt-out from any such procedures.
- The average participation rate of customers who do not opt-out of having their utility bills rounded up is 66 percent which equals approximately \$2,500,000 in local revenue.
- It is assumed that changing opt-out programs to opt-in programs will reduce the participation rate to six percent resulting in local revenue collections of \$227,273 $[(\$2,500,000/66.0\%) \times 6.0\%]$.
- The estimated recurring decrease in local revenue is estimated to be \$2,272,727 $(\$2,500,000 - \$227,273)$.

SB 2114 - HB 2495 (CORRECTED)

- The Division of Consumer Affairs can handle any increase in formal complaints, utilizing existing staff during normal work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of Class B misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.

IMPACT TO COMMERCE:

On February 15, 2018, a fiscal note was issued estimating a commerce impact as *NOT SIGNIFICANT*. The assumptions have been modified to clarify the basis for the commerce impact. The commerce impact remains unchanged.

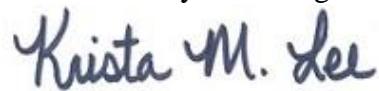
NOT SIGNIFICANT

Corrected Assumption:

- Fiscal Review Committee staff is currently unaware of any round-up practice in the private sector where consumers' permission is not obtained beforehand; therefore, this legislation will have no significant impact on jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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